

Much Needed Steps to Expand and Improve Health Insurance Coverage, Reduce Costs

March 21, 2010

Washington, DC – Today, Congressman Joe Sestak (PA-07) voted to ensure access to affordable, high quality health insurance for all Americans. Taken together, H.R. 3590, the Patient Protection and Affordable Care Act (PPACA), and H.R. 4872 the Reconciliation Act of 2010, ensure affordable health coverage for 32 million otherwise uninsured Americans, institutes market reforms to make health insurance more competitive and more affordable for individuals and small businesses, all while reducing the federal deficit by \$143 billion over the next ten years. PPACA passed the House by a vote of 219 to 212, while the Reconciliation Act of 2010 was approved 220 to 211. The PPACA now awaits the President's signature, while the Reconciliation Act of 2010 awaits Senate passage.

“With this legislation, Congress is finally tackling the problem of ever-increasing health care costs and health insurance that doesn’t protect those enrolled in plans from this growing burden.” said Congressman Sestak. “Roughly 40 million American citizens lack insurance. Every year, the epidemic of uninsurance costs our economy as much as \$160 billion in lost productivity and if we don’t bend the cost curve, in 30 years, health care costs will consume fully one-third of our economic output. This is one of the rare instances where the moral imperative is also the economic necessity.”

PPACA allows individuals to keep the private insurance they have now, while also establishing new state health benefit exchanges with additional private plans. These exchanges create a transparent and functional marketplace for individuals and small employers to purchase insurance plans as a part of a larger pool of consumers. As a result, all small businesses can benefit from the lower premiums that larger employers currently enjoy. Additionally, health insurance plans offered within these exchanges will have new consumer protections, including:

- Requiring insurers to cover a minimum set of benefits and minimum portion of individual’s health care costs,
- Requiring insurers to cover young adults on their parent’s plan up to age 27,
- Preventing insurers from taking away coverage just because an individual gets sick,
- Stopping discrimination against individuals due to pre-existing conditions, age or gender,
- Eliminating lifetime and annual caps on coverage, and
- Limiting proposed premium increases, while allowing individuals to appeal denial of care to an independent organization.

“Competition and transparency in our health care system will best discipline -- and in time drive down -- costs,” said Congressman Sestak. “These new exchanges, with the common sense consumer protections they include, will provide Americans with the affordable, quality choices they deserve.”

PPACA establishes health insurance coverage as a shared responsibility between individuals, employers, and the government, a concept long touted by the Congressman. Taken together, these provisions bring individuals into the system and cover them upfront, replacing the current system of inconsistent, incomplete and more costly emergency care that raises costs for everyone. The bill mandates, with limited exceptions, that individuals purchase health insurance. Government would be responsible for ensuring that every American has access to quality health insurance by providing subsidies to qualifying low- and middle-income families and expanding Medicaid so more individuals in poverty can participate in the program. Larger businesses must offer health coverage for all their employees by either providing workers with health insurance directly, or paying a penalty that helps individuals purchase insurance in the exchange if any of their employees qualify for subsidy.

To further aid small businesses, which currently spend 18% more for health insurance than

larger employers, the legislation provides tax credits to smaller employers to assist in paying for employees' health insurance. Employers with fewer than 100 employees would be able to purchase insurance through the exchanges. Businesses with fewer than 50 employees would be exempt from the employer responsibility. Additionally, the bill provides tax credits to smaller employers to assist them in providing health insurance to their employees.

Critically, this legislation addresses the economic consequences of the status quo. According to the non-partisan Congressional Budget Office, PPACA does not increase the deficit. In fact, the bill will reduce federal deficits by approximately \$143 billion dollars over the next ten years and will continue to reduce deficits by as much as \$1.2 trillion in the following decade. The Department of Health and Human Services has reported that the bill will extend the solvency of Medicare by up to five years.

"This bill is an incredibly important step to expand access to care, improve the insurance on which Americans currently rely and lay the groundwork to better address costs in the long term. However, it is only the first step, and I am most supportive of continued efforts to restrict long-term growth of health care costs," said Congressman Sestak.

In addition to insurance market reforms, the bill makes many improvements to the Medicare program, including gradually eliminating the Medicare Prescription Drug donut hole and co-payments for preventative care. It implements pilot programs, such as Accountable Care Organizations and Medical Home Models, that are aimed at reducing cost by incentivizing quality and not quantity of care. These initiatives, which encourage physicians to take on more responsibility for patient care, reimburse doctors based on the quality of the care they provide and not quantity of services they deliver. The bill also invests significantly in the health care workforce, making primary care a more attractive option for new physicians and authorizing more funding for training of doctors and other medical professionals.

For more information on this legislation, please [click here](#) .

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.

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